2004/05 Annual Report

University College
OF THE NORTH

MESSAGE FROM THE CHAIR

On behalf of the Interim Council of the University College of the North (UCN), I am pleased to present the inaugural annual report of our new institution. Over the past year the Interim Council and the UCN faculty and staff were called upon to establish the governance and operational frameworks of a university college: a difficult, yet deeply rewarding challenge.

The Interim Council developed its governing mission, policies and by-laws, and acting in the capacity of the soon to be established Learning Council, it approved a university program plan for UCN. Based on the outstanding work of UCN faculty and staff, our new institution entered its new mandate with confidence in the fall of 2005, when it introduced the Year One University program to northern Manitobans.

The Interim Council acknowledges the strong commitment and generous support of the government of Manitoba in making this long awaited dream a reality. The Interim Council also values the indispensable support and guidance provided by Manitoba's university partners as our institution readied itself for its expanded role as a provider of degree level education.

As an institution with a mandate to respect the diverse nature of northern Manitoba and the special contributions Aboriginal people make to the north region, the University College of the North values its partner relations with all sectors of the greater northern community.

Kathleen Leary, Chair
University College of the North Interim Council

THE INTERIM COUNCIL OF UCN

Tony Bos, President
Laara Fitznor – Winnipeg
Bev Fontaine – Opaskwayak
Edwin Jebb – The Pas
Martha Jonasson, Elder – Wabowden
Lorne Keeper, Vice-Chair – Winnipeg
Kathleen Leary, Chair – Norway House
Sharon McKay – Thompson
Marcel Moody – Nelson House
Darren Ottaway – Churchill
Ana Rodriguez – Thompson
John Solomon – Swan River
Blaine Veitch – Flin Flon

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THE COUNCIL OF ELDERS OF UCN

Therese Bighetty – Pukatawagan
Mabel Bignell – The Pas
Ted Chartrand – The Pas
Jack Chub – Gods Lake Narrows
Nicholas Halcrow – Cross Lake
Martha Jonasson – Wabowden
Jo Lutley – Thompson
John Martin – The Pas
Stella Neff, Chair – Grand Rapids
Madeleine Spence – Nelson House
Wellington Spence – Nelson House
Ralph Thomas – Easterville
Emma Jane Wood – Garden Hill

ABOUT UCN

The University College of the North is Manitoba's newest post-secondary institution. Established by an Act of the Legislature of Manitoba on July 1, 2004, the University College of the North is the comprehensive post-secondary institution serving the educational needs of Aboriginal and northern Manitobans

The University College of the North delivers degree, diploma, and certificate programs and courses to a small (79,000+) widely dispersed population spread out over the vast region of northern Manitoba. Approximately 60 per cent of this population is of First Nations descent.

UCN has its main campus in The Pas, a campus in Thompson, and regional centres in Flin Flon, Churchill, Swan River (shared with ACC), Pimicikamak Cree Nation (Cross Lake), Tataskweyak Cree Nation (Split Lake), Chemawawin Cree Nation (Easterville), Nisichawayasihk Cree Nation (Nelson House), Mathias Colomb First Nation (Pukatawagan), Norway House Cree Nation, and St. Theresa Point First Nation.

In 2004/05, the College delivered education and training to over 2600 full and part-time students, registered in 44 programs delivered in over 30 locations throughout northern Manitoba.

The programs and services of Keewatin Community College were continued within UCN, so the new institution is authorized to grant certificates and diplomas, as well as degrees. Coupled with UCN's strategy of developing a network of campuses and regional centres in communities throughout the north, this new institution affords a unique opportunity for northern residents to receive a comprehensive array of educational programs and services truly "close to home."

ABOUT UCN - Mission and Values

Mission Statement

Northern communities and people will have opportunities, knowledge and skills to contribute to an economically, environmentally, and culturally healthy society that is inclusive and respectful of diverse Northern and Aboriginal values and beliefs.

Values

The University College of the North seeks to create a sense of community in which staff and students value excellence, fairness, honesty, integrity, tolerance, respect and service. We believe our operations must be aligned with the principles of justice, respect for others, and responsible care. Our conduct is governed by an institutional code of ethics, approved by the Interim Council on May 18, 2005.

The University College of the North values academic freedom, equity and diversity.

We strive to create a culture of open communication, shared decision making, and equity of opportunity. We believe in the transforming effects of education and that we have a leadership role to play in the human resource development of the people of northern Manitoba.

ABOUT UCN - Guiding Principles

The following guiding principles serve as the foundation for the Strategic Plan for the University College of the North:

- That UCN be learner centered – i.e. place the interests of the students above all others in order to support their growth through life's journey;
- That UCN be characterized by a culture of respect, openness, inclusiveness and tolerance;
- That UCN reflect the Aboriginal reality and cultural diversity of the North;
- That Elder involvement be respected throughout;
- That UCN be dedicated to community and northern development in the widest sense: cultural, economic and environmental;
- That UCN be regionally and community based, adopting innovative curriculum design and delivery to serve a vast territory; and
- That UCN have a strong labour market focus.

RETROSPECTIVE

Governance, Finance and Administration

An overriding priority for the new institution was to ensure that appropriate systems of governance and administration were in place. The University College of the North Act provides for a governing structure which includes a Governing Council, a Learning Council, and a Council of Elders. The establishment of a Council of Elders is unique to post-secondary education in Manitoba and supports the University College's mandate for inclusiveness and respect for Aboriginal beliefs.

The duties of the three councils are:

- The Governing Council is responsible for the governance and management of the affairs of the University College.
- The Learning Council is responsible for the academic affairs of the University College.
- The Council of Elders promotes an institutional environment at UCN that respects and embraces Aboriginal cultures and values.

In order to ensure an effective beginning of the new University College, on July 1, 2004, the Honourable Diane McGifford, Minister of Advanced Education and Training, appointed the University College of the North Interim Council with a two-year mandate ending on June 30, 2006. During this time, the Interim Council assumes the responsibilities and duties of both the Learning Council and the Governing Council.

RETROSPECTIVE

During 2004/05, the Interim Council has approved an institutional mission and code of ethics and has adopted operating by-laws for the conduct of the affairs of the Council. As well, the Interim Council has established the Council of Elders with membership from communities throughout northern Manitoba.

The Council has also set out a series of Board Ends, related to the institution's strategic priorities.

(see page 13)

During 2004/05, the management of the University College of the North redesigned the administrative systems to support a distributed learning organization with a mandate to deliver university programming and to engage in research. This has included:

- The development of a research policy framework;
- The development of a capital plan to construct and maintain the facilities and infrastructure of UCN;
- The creation and ongoing operation of the UCN Faculty of Arts;
- The development and operation of regional centre boards, staffing and operation protocols;
- The development of a partnership protocol between Campus Manitoba (CMB) and UCN to maximize the credit transferability to UCN of courses offered by Manitoba universities;
- The assumption of the mandate of Inter-Universities North, effective June 30, 2005, and the concurrent establishment of Inter-Universities Services (IUS) within UCN to ensure continued effective relationships with Manitoba universities.
- Continued evaluation and refinement of UCN's financial, student and management information systems to align with the new administrative and reporting requirements.

RETROSPECTIVE

Information Technology

Manitoba's land mass north of the 53rd parallel is UCN's service area. The use of distributed learning technologies, including videoconferencing and Internet-based delivery, is essential for providing access to education throughout northern Manitoba. In 2004/05, the University College of the North completed a multi-year plan to guide the continuing development of UCN's distance education technologies and systems. This plan sets the direction for the electronic infrastructure development of the next five years. Developments in 2004/05 include:

- The implementation of computer replacement plan, service guidelines and tracking systems;
- Upgrades to security and virus protection systems;
- The expansion of videoconferencing to Norway House and the continued improvements to current systems;
- The implementation of student photo identification systems;
- The acquisition of $250,000 worth of new distributed learning systems and technological infrastructure through a capital grant from Western Economic Diversification;
- Continued development of the information technology network to support course delivery at UCN's campuses and regional centres.

Facilities

Campus facilities – particularly at the Thompson Campus – are inadequate for the purposes of a university college. The University College has developed a comprehensive capital plan that includes a new regional campus in Thompson and a partial renovation of the campus in The Pas. The Manitoba government funded a $1.2 million project to remediate mould and asbestos contamination of the Thompson Campus buildings.

RETROSPECTIVE

Assessment and Academic Advising

Academic advising and assessment are critical to effective student admissions and success. In 2004/05 UCN developed a new admissions process in anticipation of the needs of new university entrants.

Academic Programs

In 2004/05, the University College developed its first seven university courses for the Year One University program to be launched in September 2005 in The Pas, Thompson, Norway House and Split Lake.

A new Dean of Education position was created and staffed. The Dean's initial responsibility is to support the transfer of the BUNTEP program from Brandon University to UCN.

Regional Centres

The following core-funded programs were delivered at the University College's regional centres in 2004/05:

Norway House - Automotive Technician
Cross Lake Basic Electrical
St. Theresa Point Health Care Aide

RETROSPECTIVE

Equity

The University College continues its strong commitment to employment equity. The proportion of Aboriginal employees at UCN increased from 40% of the workforce as of August 2003, to 43.5% in August of 2004. The proportion of Aboriginal instructors has increased from 16% to 30% over the same period.

INTERIM COUNCIL "ENDS"

Knowledgeable, Empowered People and Communities

This End is further interpreted to include, but not limited to:

1. Students develop their intellectual/spiritual abilities, holistic well-being, and responsibility to self and community.
    - 1.1 Graduates are able to obtain meaningful employment.
    - 1.2 Major increase in participation in post-secondary education.
    - 1.3 High graduation rate for UCN students.
    - 1.4 Northerners have increased education and capacity for leadership.
2. An ecologically and environmentally knowledgeable citizenry.

Respect for Aboriginal Identities and for Diversity

This End is further interpreted to include, but not limited to:

1. Aboriginal people have pride in their identity.
2. Bridges built between Western and Aboriginal cultures.
3. Restoration of Aboriginal culture and language.
4. More Aboriginal scholars and professors.
5. Students and communities are knowledgeable on the history of Aboriginal people.

Research Capacity Developed for the North

This End is further interpreted to include, but not limited to:

1. Research capacity about northern/Aboriginal and Indigenous issues and aspirations.
2. Northern Manitoba region interacts with global communities.
3. National and international scholars will become associated with UCN.

INTERIM COUNCIL "ENDS"

An Educated Populace for Social and Economic Development of the North

This End is further interpreted to include, but not limited to:

1. Businesses and industries have a resource for training.
2. Strong linkages between employers and communities.
3. A skilled workforce.
    3.1 Qualified employees available for mega projects.
4. Northerners have skills and capacities to stimulate and participate in economic development.

Accessible, Equitable, Affordable and Relevant Further Education Where People Live

This End is further interpreted to include, but not limited to:

1. Northerners can obtain education relevant to Northern needs.
    1.1 Professionals are northern-educated and inclusive in their approach.
    1.2 Northern youth have option to remain in the North.
2. Communities are engaged in education and its development.
    2.1 Communities see themselves as owners.

FINANCIAL STATEMENTS

June 30, 2005

University College

OF THE NORTH

FINANCIAL STATEMENTS

June 30, 2005

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UNIVERSITY COLLEGE OF THE NORTH

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June 30, 2005

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Office of the Auditor General

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Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba
To the Interim Council of the University College of the North

We have audited the statement of financial position of the University College of the North as at June 30, 2005 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University College as at June 30, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
September 16, 2005

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT OF FINANCIAL POSITION

JUNE 30

	UCN Fund	IUN Fund	NFDC Fund	Trust and Endowment Fund	Combined 2005	Combined 2004
ASSETS						
CURRENT						
Cash and short term investments	$ 2,517,362	$ 362,689	$ 27,950	$ 151,228	$3,059,229	$2,961,744
Accounts receivable (Note 3)	2,027,565	29,876	110,907		2,168,348	1,768,658
Due from other funds	296,615				296,615	244,130
Inventory	120,997		93,711		214,708	266,249
Prepaid expenses	82,879	20,252			103,131	61,227
	5,045,418	412,817	232,568	151,228	5,842,031	5,302,008
CAPITAL ASSETS (Note 4)	1,597,538	44,868			1,642,406	1,519,747
					-	
DUE FROM PROVINCE OF MANITOBA (Note 5)	1,541,079	5,010			1,546,089	1,546,089
					-	
TOTAL ASSETS	$8,184,035	$462,695	$232,568	$151,228	9,030,526	$8,367,844
					-	
LIABILITIES					-	
CURRENT					-	
Accounts payable (Note 6)	$ 965,063	$ 47,933	$ 6,186		1,019,182	881,506
Due to other funds		66,502	230,113		296,615	244,130
Deferred revenue	121,914				121,914	213,471
Deferred contributions (Note 7)	1,129,588	213,704			1,343,292	1,061,387
Accrued vacation benefits	1,414,417	54,808	20,834		1,490,059	1,375,609
	3,630,982	382,947	257,133	-	4,271,062	3,776,103
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	793,153	44,867			838,020	681,279
					-	
ACCRUED SEVERANCE BENEFITS	1,242,960	34,881	3,591		1,281,432	1,277,048
					-	
	5,667,095	462,695	260,724	-	6,390,514	5,734,430
FUND BALANCES						
FUND SURPLUS (DEFICIT)						
CONTRIBUTED SURPLUS	218,701				218,701	218,701
NET ASSETS INVESTED IN CAPITAL ASSETS	804,386				804,386	838,466
NET ASSETS RESTRICTED FOR TRUST & ENDOWMENT PURPOSES				151,228	151,228	149,012
NET ASSETS INTERNALLY RESTRICTED (Note 11)	202,416				202,416	-
UNRESTRICTED NET ASSETS	1,291,437		(28,156)		1,263,281	1,427,235
	2,516,940	-	(28,156)	151,228	2,640,012	2,633,414
TOTAL LIABILITIES & FUND BALANCES	$8,184,035	$462,695	$232,568	$151,228	$9,030,526	$8,367,844

APPROVED BY THE INTERIM COUNCIL

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30

	UCN Fund	IUN Fund	NFDC Fund	Trust and Endowment Fund	Combined 2005	Combined 2004
REVENUES						
Grants						
Council on Post-Secondary Education	$ 15,691,662	$ 735,776	$ -	$ -	$ 16,427,438	$ 15,242,992
COPSE MARS	1,353,836				1,353,836	475,064
Other Province of Manitoba	425,202		254,958		680,160	850,975
Government of Canada	104,719		245,320		350,039	-
Amortization of deferred contributions related to capital assets	120,200	11,277			131,477	99,758
Ancillary sales and services	1,605,584		161,642		1,767,226	1,691,180
Donations				117,910	117,910	124,397
Investment income	87,158	3,602		2,378	93,138	108,200
Market Driven Training	815,934		3,560		819,494	1,102,593
Tuition and student fees	2,082,107	445,278			2,527,385	2,364,759
Other revenue	563,052	13,174	4,624		580,850	470,032
	22,849,454	1,209,107	670,104	120,288	24,848,953	22,529,950
EXPENSES						
Advertising	201,186	9,927	20,477		231,590	206,709
Amortization of capital assets	154,281	11,277			165,558	181,642
Bad debts	277,381	2,429	1,762		281,572	189,026
Cost of Goods Sold	898,066		189,952		1,088,018	1,019,446
Employee benefits	1,281,404	74,419	30,033		1,385,856	1,248,887
Insurance	91,515	2,095			93,610	60,436
Library acquistions	68,113				68,113	50,993
Facility costs	690,573				690,573	642,351
Furniture and minor equipment	623,983	16,322	6,256		646,561	441,541
Maintenance and repairs	234,843	5,404	2,051		242,298	173,113
MARS expenses	1,404,894				1,404,894	468,094
Operational supplies and services	1,928,190	114,875	56,623		2,099,688	1,954,803
Property taxes	483,150				483,150	461,332
Rentals and leases	310,565	14,929			325,494	316,873
Salaries	13,180,875	793,667	269,394		14,243,936	13,690,235
Scholarships and bursaries				118,072	118,072	112,550
Telephone and communication	368,245	12,421	7,660		388,326	383,905
Travel and hospitality	589,065	151,342	18,513		758,920	720,761
Utilities	117,829		8,298		126,127	116,062
	22,904,158	1,209,107	611,019	118,072	24,842,356	22,438,759
EXCESS REVENUES (EXPENSES)	$ (54,704)	$ -	$ 59,085	$ 2,216	$ 6,597	$ 91,191

STATEMENT 3

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT OF CHANGES IN FUND BALANCES - COMBINED

YEAR ENDED JUNE 30

	Unrestricted	Internally Restricted	Trust and Endowment Fund	Net Assets Invested in Capital Assets		Contributed Surplus	Combined	
				UCN Fund	IUN Fund	UCN Fund	2005	2004
FUND SURPLUS, *beginning of year*	$ 1,427,235	$ -	$ 149,012	$ 838,467	$ -	$ 218,701	**$ 2,633,415**	$ 2,542,223
EXCESS REVENUE (EXPENSES)	4,381		2,216				**$ 6,597**	91,191
CHANGE IN NET ASSETS INVESTED IN CAPITAL ASSETS								
Amortization of capital assets	165,558			(154,281)	(11,277)			
Amortization of deferred contributions related to capital assets	(131,477)			120,200	11,277			
Purchase of capital assets	288,217			(288,217)				
Deferred contributions related to capital assets	(288,217)			288,217				
INTER-FUND TRANSFERS (Note 11)	(202,416)	202,416						
FUND SURPLUS, *end of year*	$ 1,263,281	$ 202,416	$ 151,228	$ 804,386	$ -	$ 218,701	$ 2,640,012	$ 2,633,414

STATEMENT 4

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT OF CHANGES IN FUND BALANCES - UNRESTRICTED

YEAR ENDED JUNE 30

	UCN Fund	IUN Fund	NFDC Fund	Combined 2005	Combined 2004
FUND SURPLUS (DEFICIT), *beginning of year*	$ 1,514,476	$ -	$ (87,241)	$ 1,427,235	$ 1,268,512
EXCESS REVENUE (EXPENSES)	(54,704)		59,085	4,381	76,839
CHANGE IN NET ASSETS INVESTED IN CAPITAL ASSETS					
Amortization of capital assets	154,281	11,277		165,558	181,642
Amortization of deferred contributions related to capital assets	(120,200)	(11,277)		(131,477)	(99,758)
Purchase of capital assets	288,217			288,217	169,193
Deferred contributions related to capital assets	(288,217)			(288,217)	(169,193)
INTER-FUND TRANSFERS (Note 11)	(202,416)			(202,416)	
FUND SURPLUS (DEFICIT), *end of year*	$ 1,291,437	$ -	$ (28,156)	$ 1,263,281	$ 1,427,235

UNIVERSITY COLLEGE OF THE NORTH

STATEMENT 5

STATEMENT OF CASH FLOWS

	YEAR ENDED JUNE 30	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess Revenue (Expenses)		
University College of the North Fund	$ (54,704)	$ 164,080
Inter-Universities North Fund		
Northern Forest Diversification Centre Fund	59,085	(87,241)
Trust and Endowment Fund	2,216	14,352
	6,597	91,191
Add (deduct) items not involving cash		
Amortization of capital assets	165,558	181,642
Amortization of deferred contributions related to capital assets	(131,477)	(99,758)
	40,678	173,075
Add (deduct) changes in non-cash working capital components related to operating activities		
Accounts receivable	(532,121)	(482,968)
Inventory	51,541	(94,053)
Prepaid expenses	(41,904)	(27,541)
Accounts payable and accrued liabilities	270,108	123,570
Deferred revenue	(91,557)	(28,584)
Deferred contributions	281,905	85,765
Accrued vacation benefits	114,451	60,768
Accrued severance benefits	4,384	82,407
	97,485	(107,561)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred contributions related to capital assets	**288,217**	169,193
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	**(288,217)**	(169,193)
NET INCREASE (DECREASE) IN CASH FLOWS DURING THE YEAR	**97,485**	(107,561)
CASH AND SHORT-TERM INVESTMENTS, *beginning of year*	**2,961,744**	3,069,305
CASH AND SHORT-TERM INVESTMENTS, *end of year*	**$ 3,059,229**	$ 2,961,744

1. NATURE OF OPERATIONS

The University College of the North operates under the authority of *The University College of the North Act* Chapter U55 of the *Continuing Consolidation of the Statutes of Manitoba*, which came into force July 1, 2004. This Act provides for the continuation of Keewatin Community College, as established under *The Colleges Act* as a board-governed institution on April 1, 1993.

The university college has tax-exempt status as a registered charity under *The Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University College of the North (UCN) have been prepared in accordance with Canadian generally accepted accounting principles. University College of the North follows the restricted fund method of accounting for contributions.

a) General

The transactions of UCN have been segregated into the following funds in accordance with specified activities or objectives:

UCN Operating Fund - transactions related to educational and ancillary activities of UCN.

Inter-Universities North Fund - transactions related to the educational programs of the Inter-Universities North Program which is administered by UCN.

Northern Forest Diversification Centre Fund - transactions related to the educational and ancillary activities of the Northern Forest Diversification Centre.

Trust and Endowment Fund - transactions related to donations and endowments for student scholarships and bursaries.

Internally Restricted Fund - transactions related to appropriations made from (to) the UCN Operating Fund.

b) Revenue Recognition

Tuition and fees are recognized as revenue in the semester or term earned.

Revenue from Market Driven Training contracts is recognized during the year at a rate approximating the delivery of the contracted programs and services.

Investment income is recognized as revenue when earned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions:

Unrestricted contributions and grants are recognized as revenue when received or receivable.

Restricted contributions for which a corresponding restricted fund is not presented are recognized as revenue in the year in which the related expenditures are incurred.

Donations are reported as revenue when received.

Endowment contributions (and/or investment income thereon) that are held in perpetuity according to restrictions placed by the donors are recognized as revenue in the Trust and Endowment Fund. Donations restricted to disbursement as scholarships and bursaries are restricted to that purpose.

Contributions (or portions permitted thereof) which are designated for the purchase of capital assets are deferred and amortized to revenue at the same rate as the related capital assets are amortized to expenditures.

c) Short-term investments

Investments are recorded at the lower of cost or net realizable value.

d) Inventory

UCN Operating Fund - inventory is recorded at the lower of cost or net realizable value.

Northern Forest Diversification Centre Fund - inventory is recorded at average cost.

e) Capital Assets

Individual capital assets with a value greater than $5,000 are capitalized and recorded at cost in the year of acquisition. Individual capital assets with a value less than $5,000 are expensed in the year of acquisition. Amortization of capitalized assets is recorded on a straight line basis commencing the year after acquisition over the following periods:

Automotive equipment	5 years
Buildings	40 years
Building improvements	10 years
Computer equipment	5 years
Other equipment	10 years

Library holdings are valued using the "base stock" method and accordingly are recorded at the value transferred upon governance at April 1, 1993. No amortization is taken on library holdings, and subsequent library acquisitions are expensed in the year of acquisiti

Certain capital assets purchased for specific Market Driven Training contracts are expensed in the year of purchase.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments

The financial instruments at UCN consist of cash & short-term investments, accounts receivable, accounts payable, and accrued liabilities. Unless otherwise noted, it is management's opinion that UCN is not exposed to significant interest, currency, market o credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values.

g) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statemen and the reported amounts of revenue and expenses during the reporting period. Actual re could differ from management's best estimates as additional information becomes availal in the future.

3. ACCOUNTS RECEIVABLE

	2005	2004
UCN Operating Fund		
Students	$ 464,785	$ 433,218
Market Driven Training	480,464	390,808
Due from COPSE	430,710	402,501
Other	956,655	937,464
	2,332,614	2,163,991
Less: Allowance for doubtful accounts	(305,049)	(427,420)
	$ 2,027,565	$ 1,736,571
Inter-Universities North Fund		
Students	$ -	$ -
Other	57,765	33,665
	57,765	33,665
Less: Allowance for doubtful accounts	(27,889)	(25,460)
	$ 29,876	$ 8,205
Northern Forest Diversification Centre Fund		
Accounts receivable	$ 113,516	$ 26,491
Less: Allowance for doubtful accounts	(2,609)	(2,609)
	$ 110,907	$ 23,882

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2005	2004
UCN Operating Fund				
Automotive equipment	$ 378,598	$ 279,290	$ 99,308	$ 143,858
Computer equipment	523,200	344,582	178,618	75,615
Other equipment	1,019,034	602,837	416,197	379,948
Buildings/improvements	260,279	71,025	189,254	150,020
Library holdings	714,161		714,161	714,161
	$ 2,895,272	$ 1,297,734	$ 1,597,538	$ 1,463,602

4. CAPITAL ASSETS (contiued)

Inter-Universities North Fund

Automotive equipment	$ 46,004	$ 9,200	$ 36,804	$ 46,004
Computer equipment	40,780	37,304	3,476	4,635
Other equipment	14,615	10,027	4,588	5,506
	$ 101,399	$ 56,531	$ 44,868	$ 56,145

5. DUE FROM PROVINCE OF MANITOBA

The Province of Manitoba has recognized its liability to the University College for the opening balances of accrued employee severence benefits and vacation benefits as at April 1, 1998, when Keewatin Community College (precurser to UCN) assumed responsibility for these expenditures. Amounts due, or portion thereof, for UCN, will be collected in the event there is a cash shortfall. However, this is only like to happen on the dissolution of UCN.

	2005	2004
Accrued severance benefits, April 1, 1998	$ 793,500	$ 793,500
Accrued vacation benefits, April 1, 1998	752,589	752,589
	$ 1,546,089	$ 1,546,089

6. ACCOUNTS PAYABLE

UCN Operating Fund	2005	2004
Accrued liabilities	$ 349,814	$ 402,619
Wages and benefits payable	348,566	251,137
Trade accounts payable	256,010	190,012
Due to Student Associations	10,673	6,217
	$ 965,063	$ 849,985
Inter-Universities North Fund		
Trade accounts payable	$ -	$ 8,349
Other accrued liabilities	47,933	17,803
	$ 47,933	$ 26,152
Northern Forest Diversification Centre Fund		
Trade accounts payable	$ 6,186	$ 2,827
Other accrued liabilities		2,542
	$ 6,186	$ 5,369

7. DEFERRED CONTRIBUTIONS

Deferred contributions reported in each fund relate to designated contributions received in the current year that are related to expenditures of a subsequent year. Changes in deferred contributions during the year are as follows:

	Beginning of Year	Increases	Decreases	End of Year
UCN Operating Fund	$ 994,807	$ 1,501,927	$ (1,367,146)	$ 1,129,588
Inter-Universities North Fund	$ 66,580	$ 147,124	$ -	$ 213,704

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Beginning of Year	Increases	Decreases	End of Year
UCN Operating Fund	$ 625,136	$ 288,217	$ (120,200)	$ 793,153
Inter-Universities North Fund	$ 56,144	$ -	$ (11,277)	$ 44,867

9. PENSION COSTS AND OBLIGATIONS

The University College's employees are contributing members of the provincially operated Civil Service Superannuation Plan or the Teacher's Retirement Annuity Fund defined benefit pension plans. The accumulated superannuation liabilities continue to be funded directly by the Province of Manitoba, rather than the University College itself for all employees hired prior to October 1, 2002.

The benefit to the University College of having its share of pension benefits paid directly by the Province of Manitoba has not been quantified by an actuarial valuation. The total contributions during the fiscal year by employees hired prior to October 1, 2002 were $596,204 (2004 - $607,738).

Total contributions during the fiscal year by employees hired after October 1, 2002 (and matched by the University College) were $134,226 (2004 - $68,660). These contributions represent the total pension obligations of the University College. The University College is not required under present legislation to make contributions with respect to any actuarial deficiencies of the plan.

10. CONTRACTUAL OBLIGATIONS

The University College has entered into various contracts to rent office equipment, lease facility space, and for services provided by third parties for security, food services, and snow removal. Contractual obligations over the next five years are as follows:

2005/06	$358,818
2006/07	69,966
2007/08	55,454
2008/09	47,231
2009/10	47,231

11. INTERNALLY RESTRICTED NET ASSETS

Appropriations from the UCN Operating Fund are made to provide future funding for campus development and the establishment of an innovations fund.

	Opening Balance	Increases	Decreases	Ending Balance
Campus Development Fund	$ -	$ 200,000	$ 20,462	$ 179,538
Innovations Fund		50,000	27,122	22,878
Balance End of Year	$ -	$ 250,000	$ 47,584	$ 202,416

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

UNIVERSITY COLLEGE OF THE NORTH

SCHEDULE 1

SCHEDULE OF OTHER GRANT REVENUE (unaudited)

YEAR ENDED JUNE 30

	2005	2004
Province of Manitoba		
Adult Learning Centre	$ 318,000	$ 280,000
Computer Based Learning System	97,682	91,935
Prior Learning Assessment	-	41,829
Employment Assistance Services	(13,360)	78,127
Distance Education Technology Upgrades	22,880	
	$ 425,202	$ 491,891

SCHEDULE 2

SCHEDULE OF ANCILLARY SALES AND SERVICES (unaudited)

YEAR ENDED JUNE 30

	2,005	2,004
Bookstore	$ 1,070,100	$ 1,029,792
Cafeteria	206,859	197,203
Residence	328,625	294,258
	$ 1,605,584	$ 1,521,253

SCHEDULE 3

SCHEDULE OF TUITION AND STUDENT FEES (unaudited)

YEAR ENDED JUNE 30

	2,005	2,004
Apprenticeship	$ 659,874	$ 590,692
Core-funded programs	1,281,925	1,239,509
Continuing Educ		
Credit courses	110,446	79,031
Non-credit	29,862	57,898
	$ 2,082,107	$ 1,967,130

Note that the programs termed "Credit" in prior years has been changed to "Core-funded programs", and that the distribution of tuition revenue between that cagetory and "Continuing Education" was changed during 2004/05. The 2003/04 figures were adjunsted to reflect the change. Total tuition and student fees revenue reported on this schedule remains unchanged.

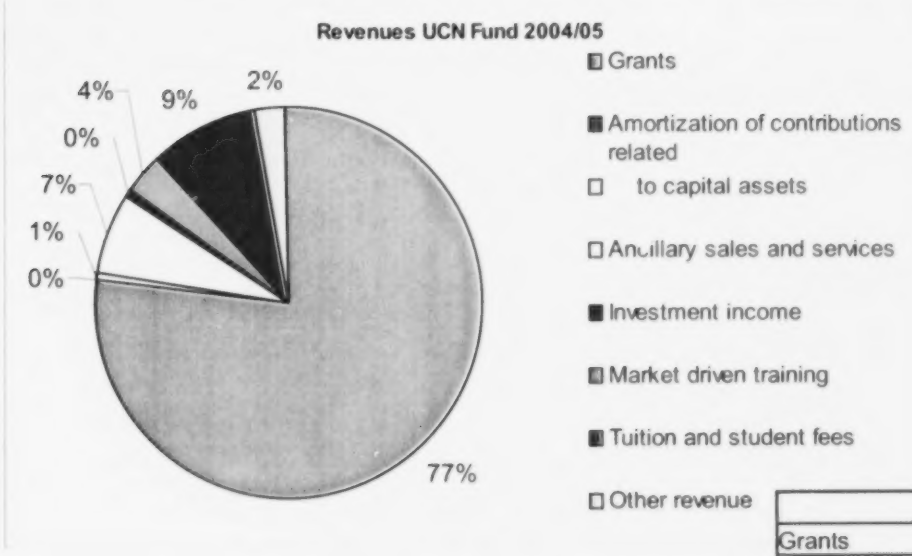
UNIVERSITY COLLEGE OF THE NORTH

SCHEDULE 4

SCHEDULE OF UCN EXPENDITURES BY FUNCTION (unaudited)

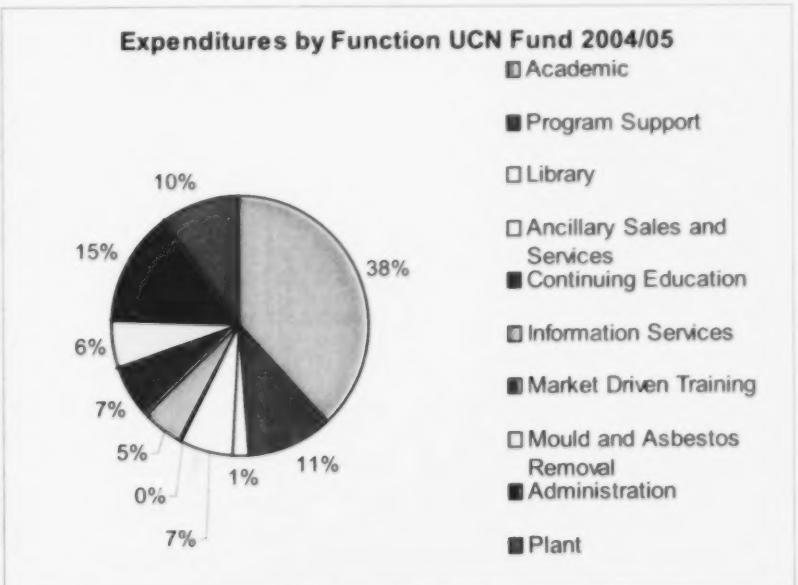
YEAR ENDED JUNE 30

	Salaries & Benefits	Other	TOTAL 2,005	2,004
Academic	$ 7,891,184	$ 888,918	$ 8,780,102	$ 8,411,439
Administration	1,793,168	1,571,080	3,364,248	3,032,562
Ancillary Sales & Service	474,714	1,038,533	1,513,247	1,413,290
Continuing Education	95,699	12,308	108,007	94,483
Library	243,084	95,963	339,047	282,273
Market Driven Training	1,079,775	485,347	1,565,122	1,471,895
Mould & Asbestos Remediation (MAR	-	1,440,577	1,440,577	468,094
MIS	633,304	499,258	1,132,562	1,124,230
Plant	457,704	1,759,295	2,216,999	2,063,008
Program Support	1,832,918	611,329	2,444,247	2,034,725
	$14,501,550	$ 8,402,608	$22,904,158	$20,395,999



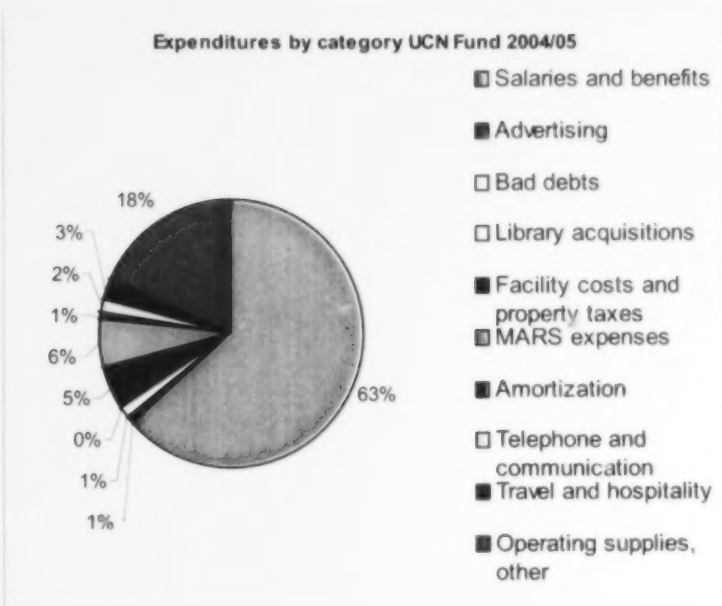
	(in '000s)
Grants	$ 17,575.4
Amortization of contributions related to capital assets	120.2
Ancillary sales and services	1,605.6
Investment income	87.2
Market driven training	815.9
Tuition and student fees	2,082.1
Other revenue	563.1
	$ 22,849.5

UCN derived 77% of its 2004/05 revenue from grants, of which 97% were received from the Council on Post-Secondary Education (COPSE). 92% of the COPSE grant was the core operating grant. The remainder, comprising 6% of total revenues, was a special operating grant for mould and asbestos remediation at the Thompson campus.



	(in '000s)
Academic	$ 8,780.1
Program Support	2,444.2
Library	339.0
Continuing Education	108.1
Ancilliary Sales and Services	1,513.2
Information Services	1,132.6
Market Driven Training	1,565.1
Mould and Asbestos Removal	1,440.6
Administration	3,364.2
Plant	2,217.1
	$ 22,904.2

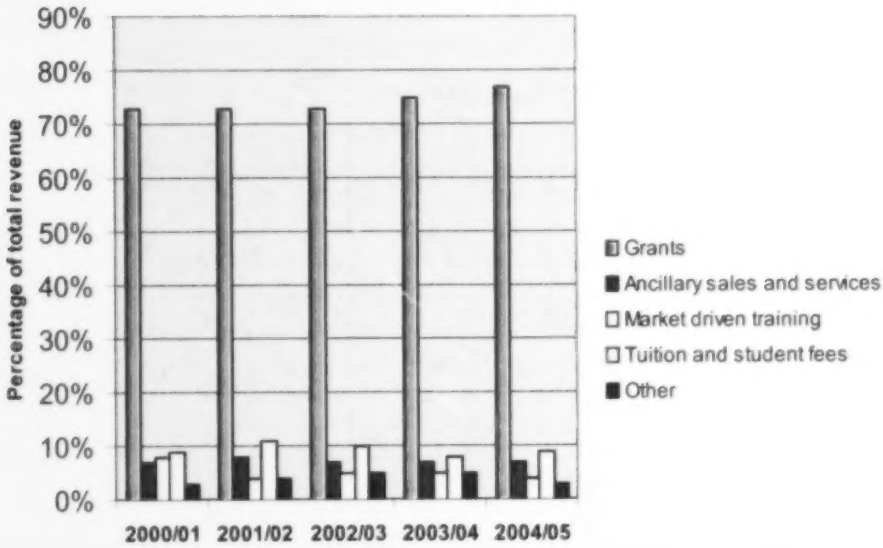
Academic, Program support and library spending together total 50% of total expenditures. One-time spending on mould and asbestoes remediation, 6% of expenditures, was covered by a special grant.



	(in '000s)
Salaries and benefits	$ 14,462.3
Advertising	201.2
Amortization	154.3
Bad debts	277.4
Library acquisitions	68.1
Facility costs and property taxes	1,173.7
MARS expenses	1,404.9
Telephone and communication	368.2
Travel and hospitality	589.1
Operating supplies, other	4,205.0
	$ 22,904.2

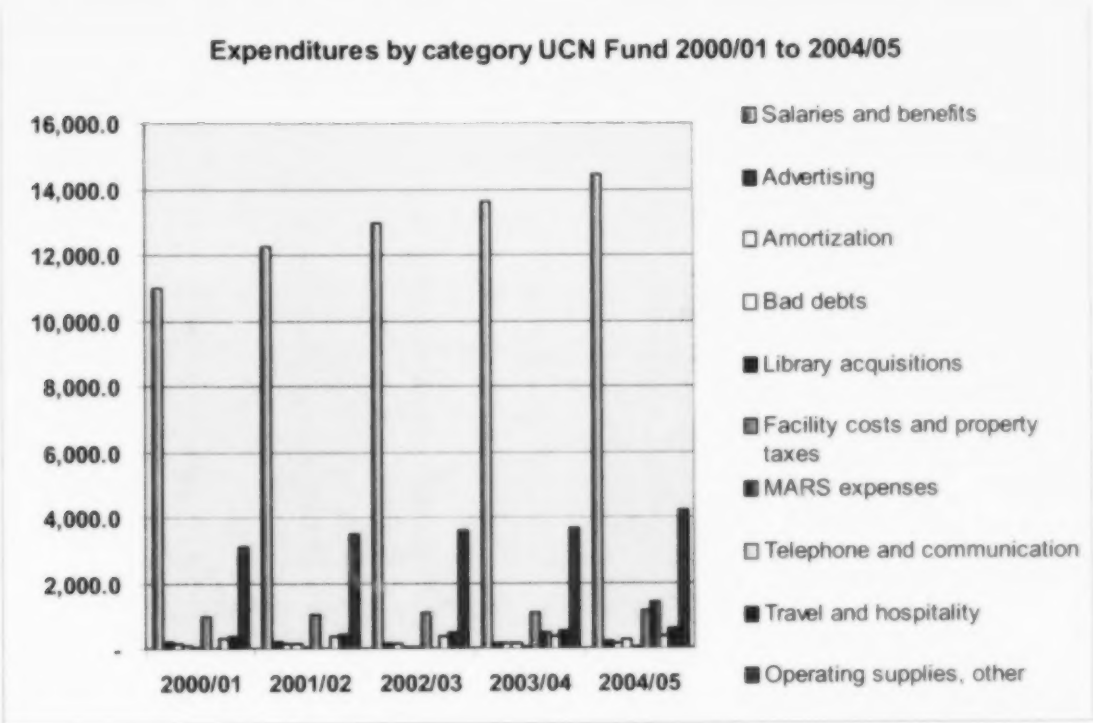
Salaries and benefits are UCN's largest expenditure. Academic, program support and library salaries and benefits make up 69% of total salaries and benefits.

Revenue by Source UCN Fund 2000/01 to 2004/05



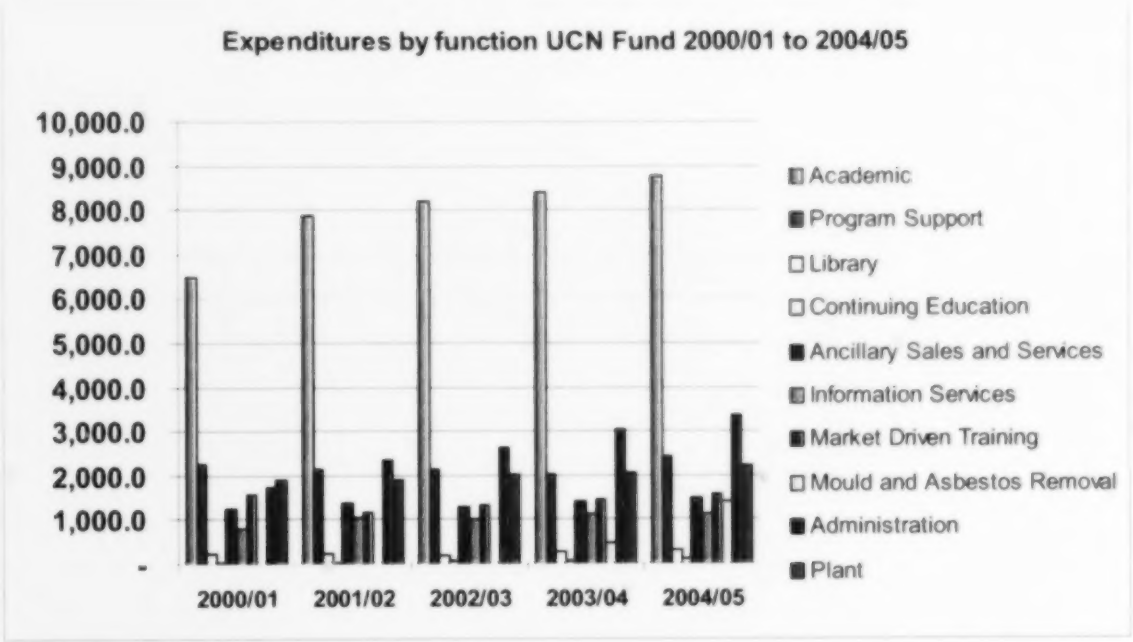
Proportion of total revenue derived from grants and other sources have remained fairly constant over the past five years. Tuition revenues fell in 2003/04 due to a drop in enrollments but recovered in 2004/05. Market driven training revenue has decreased as a proportion of total revenues as core-funded activity has increased at regional centres.

	(in '000s)				
	2000/01	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Grants	$ 12,755.4	$ 13,434.1	$ 14,095.2	$ 15,341.0	$ 17,575.4
Ancillary sales and services	1,287.0	1,505.3	1,416.5	1,521.3	1,605.6
Market driven training	1,441.6	935.4	1,297.8	1,079.4	815.9
Tuition and student fees	1,634.0	2,085.7	2,007.9	1,967.1	2,082.2
Other revenue	404.5	551.4	569.1	651.3	770.4
	$ 17,522.5	$ 18,511.9	$ 19,386.5	$ 20,560.1	$ 22,849.5



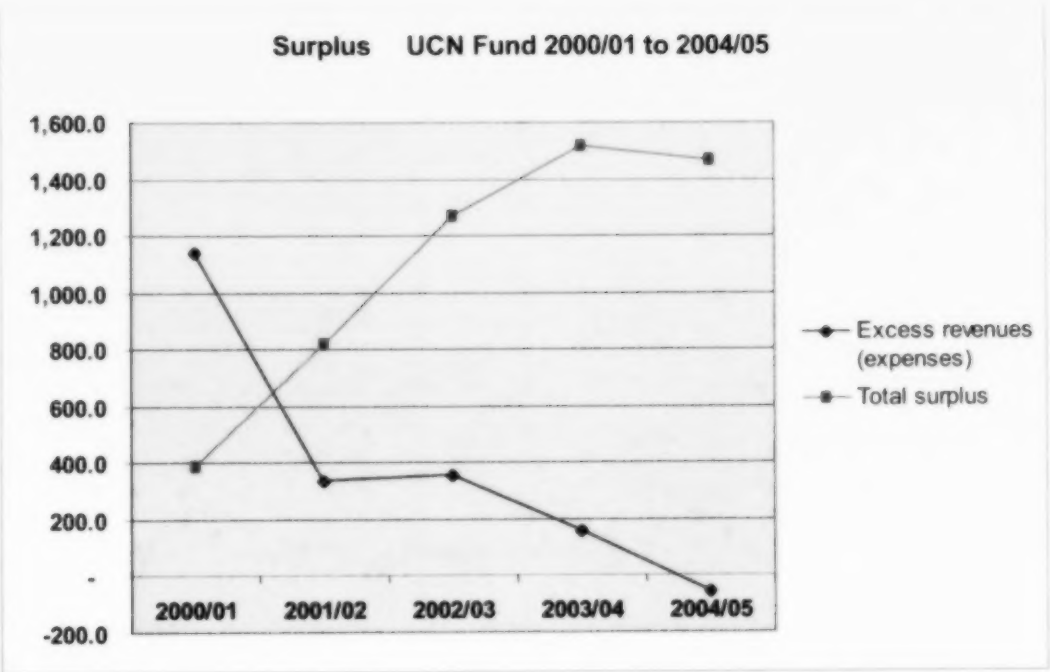
While expenditures have increased from year to year, the composition has remained fairly constant.

	(in '000s)				
	2000/01	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Salaries and benefits	$ 11,022.1	$ 12,259.8	$ 12,991.6	$ 13,649.9	$ 14,462.3
Advertising	214.2	211.7	154.6	168.4	201.2
Amortization	156.5	147.6	165.1	177.3	154.3
Bad debts	87.9	156.4	81.4	191.5	277.4
Library acquisitions	38.5	39.0	50.0	51.0	68.1
Facility costs and property taxes	994.6	1,051.7	1,100.2	1,103.7	1,173.7
MARS expenses				468.1	1,405.0
Telephone and communication	337.4	374.3	359.6	362.4	368.2
Travel and hospitality	408.9	450.3	498.3	534.0	589.1
Operating supplies, other	3,116.5	3,484.1	3,626.5	3,689.7	4,204.9
	$ 16,376.6	$ 18,174.9	$ 19,027.3	$ 20,396.0	$ 22,904.2



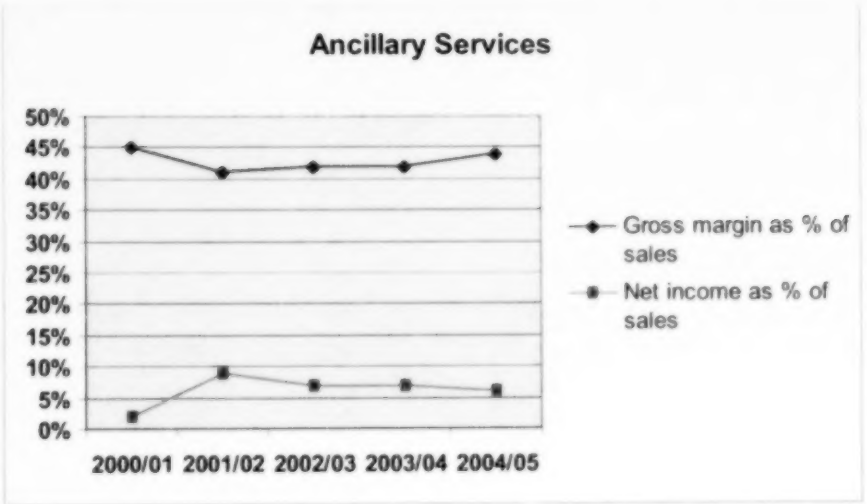
There have been no significant changes in the proportions of expenditures by function over the past five years.

	(in '000s)				
	2000/01	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Academic	$ 6,512.1	$ 7,891.0	$ 8,192.1	$ 8,411.4	$ 8,780.1
Program Support	2,280.6	2,148.9	2,159.6	2,034.7	2,444.2
Library	230.6	242.0	220.6	282.3	339.0
Continuing Education	49.0	59.0	95.2	94.5	108.0
Ancillary Sales and Services	1,258.5	1,374.3	1,320.5	1,413.3	1,513.3
Information Services	807.5	1,048.2	1,003.7	1,124.2	1,132.6
Market Driven Training	1,575.3	1,167.5	1,331.5	1,471.9	1,565.1
Mould and Asbestos Removal				468.1	1,440.6
Administration	1,747.6	2,347.3	2,658.3	3,032.6	3,364.3
Plant	1,915.4	1,896.8	2,045.8	2,063.0	2,217.0
	$ 16,376.6	$ 18,175.0	$ 19,027.3	$ 20,396.0	$ 22,904.2



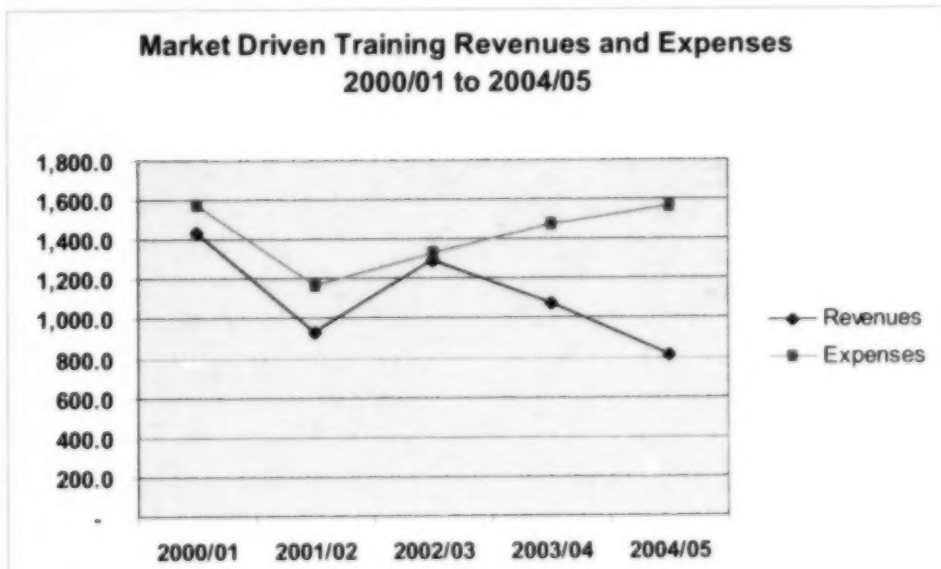
UCN showed an excess of revenues over expenditures, and therefore an increasing surplus, from 2000/01 until 2003/04. In 2004/05 UCN voluntarily restricted $250,000 of its total surplus for facilities development ($200,000) and program innovation ($50,000). A total of $47,589 of the restricted surplus was spent during the year, raising the current deficit to $54,704.

	(in '000s)				
	2000/01	2001/02	2002/03	2003/04	2004/05
Excess revenues (expenses)	$ 1,145.9	$ 337.1	$ 359.3	$ 164.1	$ (54.70)
Internally restricted surplus					202.4
Unrestricted surplus					1,263.3
Total surplus	$ 389.5	$ 822.3	$ 1,268.5	$ 1,514.5	$ 1,465.7



Ancillary operations: Cafeteria, Bookstore and Residences, have shown consistent results of operations, and net income over the past five years.

	2000/01	2001/02	2002/03	2003/04	2004/05
Gross margin as % of sales	45%	41%	42%	42%	44%
Net income as % of sales	2%	9%	7%	7%	6%



Market driven training revenue dropped in 2004/05 because of the priority placed on regional centres, and also because the anticipated training associated with Hydro-electric development has not materialized as quickly as projected. some of the expenditures associated with market driven training over the past five years have supported community-based education in general.

	(in '000s)				
	2000/01	2001/02	2002/03	2003/04	2004/05
Revenues	$ 1,441.6	$ 935.4	$ 1,297.8	$ 1,079.4	$ 816.0
Expenses	1,575.3	1,167.5	1,331.5	1,471.9	1,565.1
	$ (133.70)	$ (232.10)	$ (33.70)	$ (392.50)	$ (749.10)

University College
OF THE NORTH

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